

Exhibit J

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Puerto Rico

Sánchez Provides Update on \$146M GO Payment Trust Fund

The commonwealth government is establishing a trust account at Banco Popular for the \$146 million in clawback funds deposited at the institution that would limit the commonwealth's access to the monies, Elías Sánchez, the governor's representative on the PROMESA oversight board, told Reorg Research Tuesday night. Once the funds are in the trust account, Sánchez explained, they would be earmarked for constitutionally guaranteed general obligation bond payments and not considered available resources for government operations.

The trust establishment process should be complete within two to three days, said Sánchez. He also said the \$1.3 million GO interest payment due Feb. 1 has not been paid but would be shortly. Gov. Ricardo Rosselló [announced](#) the establishment of the GO trust fund and the interest payment last week.

"The trust is going to be solely for the purposes of GO payments. It will not be available resources for the government to operate, as it is right now. We are putting this money toward a legal structure where it is beyond our reach in terms of operational spending," Sánchez said during a telephone interview.

"It has a trustee that essentially has to oversee the money to the degree that we can't spend it. Right now, as is, we can tap into the account and use it for whatever we want," he said. Sánchez explained that once the PROMESA litigation stay went into effect, the previous administration began [defaulting](#) on its constitutionally backed debt. "That's just not fair," he added.

Sánchez addressed a situation involving a similar amount in clawback funds that had been deposited at the Government Development Bank, calling the GDB situation a "bit more complex," as the institution "barely" has \$150 million - nearly equal to the amount of clawback money originally deposited there - and the funds were commingled with monies from other accounts.

The roughly \$300 million in clawback funds between the GO payments and the funds on deposit at the GDB stemmed from fiscal year 2016, which ended June 30, 2016. Since the close of fiscal year 2016, the revenue streams clawed back from other credits have poured into the general fund to cover financing gaps. Sánchez reiterated administration plans to identify those funds as it brings expenditures in line with revenue and resumes talks with GO holders. Those talks are still being described by sources familiar with the matter as being in the initial stages.

"That is part of the spelunking we are doing right now to decipher how the government has been operating for the last four years and fix it with a fiscal plan," Sánchez said. He added that further information on clawback monies will be detailed in the administration's proposed fiscal plan, which must be delivered to the PROMESA oversight board by the end of this month.

Sánchez said that the goal is to fund the account for GO payments with available monies once the government identifies funding for "clearly delineated" and "true" essential services. He said the administration inherited a government "that is working with clawback money" and "tapping into other sources of income." He also said that the administration is taking the steps to transition out of relying on clawing back revenue from other government entities.

"What we are trying to do is the following: while we work in tandem with our structural reforms - and reducing the size of government and reducing expenditures - free up those available resources once we segregated what true essential services are and put all of that money into that trust. And as we get deposits, we essentially do a set-aside continuously. This is only for the emergency period. This is not how the government is going to operate," he explained.

The government is pushing ahead with structural reforms so that "we don't have the need for, or we can easily segregate, those revenue streams and be able to send money to that trust structure so that in the midst of our title VI negotiations we can come to consensual agreements with our GO bondholders and as part of the negotiations agree on how those monies should be distributed among the GO holders," he added.

Puerto Rico's GO debt service added up to \$1.3 billion in fiscal year 2016, and the [commonwealth government clawbacks](#) from revenue supporting other bonds, including petroleum products, hotel and rum taxes, were expected to raise about \$700 million during the year, according to creditor and government sources.

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